GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:1229
ANSWERED ON:27.10.2008
GROWTH IN TEXTILE EXPORTS
Paraste Shri Dalpat Singh

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government has conducted any study/survey to ascertain the growth in textile exports and competitiveness of Indian textile industry in the international market after the dismantling the quota regime;

(b) if so, the details and outcome thereof;

(c) the factors identified for slow growth in textile exports as compared to other countries like China;and

(d) the efforts made by the Government to improve textile exports and competitiveness of Indian textile industry in the international market?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) & (b):The Government has conducted a number of studies in the post quota period i.e.after 2004.The objectives for such studies include an investigation into the Post-MFA response of the Indian textile and apparel industry to the world after quotas,mapping for World imports of textiles article & identification of potential markets & potential products for India's Export.In addition,the textile Export Promotion Councils were also provided funds by the Government to commission studies specific to their respective sectors viz.cotton, Man-made Fabric etc. The Councils have been requested to implement the recommendations in these reports or utilize the data generated in these reports for optimum benefits.

(c):Although exports of textiles from India has risen from less than US$ 15 billion in 2004-05 to over US$ 21 billion in 2007-08,denoting an increase of 50% in three years,the volume of exports, as compared to certain other countries,could not register a faster growth due to various reasons like constraints of world class infrastructure,high power and transaction cost,state level cess and duties,lack of state -of-the-art technology etc.

(d):The Government has taken a number of steps to improve the textile exports and competitiveness of Indian textile industry in the international market,which include the following:-

i) The Technology Upgradation Fund Scheme (TUFS) was launched to facilitate the modernisation and upgradation of the textile industry both in the organised and unorganized sector.The Scheme has been further fine tuned to increase the rapid investments in the targeted sub-sectors of the textile industry.The cost of machinery has been further brought down by reducing the customs duty on imports.

ii) To provide the textile industry with world-class infrastructure facilities for setting up their textile units meeting international environmental and social standards, a Public-Private Partnership (PPP) based Scheme known as the "Scheme for Integrated Textile Park (SITP)" has been introduced in August 2005.

iii) In 2004-05 Budget,the entire textile sector,except for man-made fibre and filament yarn was provided optional exemption from excise duty.In 2005-06 Budget, Central Value-added Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%.These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

iv) To facilitate import of state of the art machinery to make our products internationally competitive in post quota regime,in 2005-06 Budget,the customs duty on textile machinery has been brought down to 10% except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%.The concessional duty of 5% continues to be at 5% on most of the machinery items.

v) Government has launched the Debt Restructuring Scheme w.e.f.Sept.,2003 with the principal objective to permit banks to lend to the textile sector at 8-9% rate of interest.

vi) Government has allowed 100% Foreign Direct Investment in the textile sector under automatic route.

vii) Government has de-reserved the readymade garments,hosiery and knitwear from SSI sector so that large scale investments may be encouraged in these sectors.

viii) National Institute of Fashion Technology (NIFT) has been set up to provide the leadership role in sensitizing the Industry to the concept of value addition by inducting trained professionals to manage the industry.This has resulted in an increased demand for trained professionals in various sectors servicing the industry.

ix) A series of relief measures to textiles exporters such as enhanced DEPB & Duty drawback rates,reduced ECGC premium,subvention on credit rates,refund of service tax paid by exporters on various services

x) Apparel Export Promotion Council (AEPC) has established Apparel Training Design Centres (ATDCs) throughout the country to cope up the requirement of skilled / semi-skilled manpower for the textile industry.